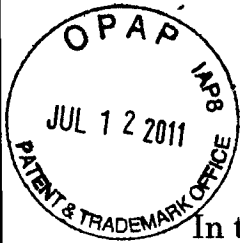


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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Registration No. 3,099,847 (Application Serial No. 76/641,146)

MARK: **SKYDIVE ARIZONA**

Registered on the Principal Register on June 6, 2006

TTAB

Marc Hogue,

Petitioner,

vs.

Skydive Arizona, Inc.,

Respondent.

Cancellation No.: 92/054,069

**SKYDIVE ARIZONA'S MOTION TO
DISMISS CANCELLATION
PETITION**

I. Motion

Respondent Skydive Arizona, Inc. moves, pursuant to Rule 12(b)(6) and Rule 12(d) of the Federal Rules of Civil Procedure, to dismiss Cancellation No. 92/054,069 filed by Petitioner March Hogue ("Hogue") for failure to state a claim upon which relief can be granted. In addition, Respondent moves to dismiss Cancellation No. 92/054,069 on grounds that it is barred by *res judicata*.



07-12-2011

The Board should dismiss the Petition to Cancel filed in this case, pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure, for failure to plead sufficient facts to state a claim upon which relief can be granted. The Petition to Cancel filed in this case contains nothing more than labels and conclusions, and a formulaic recitation of the elements of a cause of action, which is insufficient. In addition, the Petition to Cancel filed in this case is barred by *res judicata*. The Board is requested to treat this motion to dismiss as a motion for summary judgment pursuant to Rule 12(d) of the Federal Rules of Civil Procedure. Consideration of this motion as a motion for summary is appropriate at this stage of the proceeding because this motion asserts claim and issue preclusion. *Zoba International Corp. v. DVD Format/LOGO Licensing Corp.*, 98 U.S.P.Q.2d 1106, 2011 TTAB LEXIS 69, at *4 n.4 (T.T.A.B. 2011) (“[O]ur consideration of the subject motion as one for summary judgment is appropriate at this stage of the proceedings because it asserts claim preclusion.”). Trademark Rule 2.127(e)(1) expressly allows a motion for summary judgment asserting claim or issue preclusion to be made prior to a party making its initial disclosures. 37 C.F.R. §2.127(e)(1).

II. Background

Respondent filed Application Serial No. 76/641,146 on June 17, 2005, which registered as Registration No. 3,099,847 on June 6, 2006. The ‘847 registration is for the mark SKYDIVE ARIZONA.

The SKYDIVE ARIZONA Registration matured from a use-based application filed under 15 U.S.C. § 1051(a), listing a first use date in commerce of 1986. Petitioner Hogue has not challenged Respondent’s priority.

The services listed in the SKYDIVE ARIZONA Registration are: “educational services, namely, providing instructions and training in parachuting and skydiving.” The application file is part of the record pursuant to Trademark Rule 2.122(b).

On September 28, 2001, Respondent filed a trademark infringement suit against Mike Mullins for infringement of Respondent's SKYDIVE ARIZONA mark. Exh. A, at 3; Exh. C, at 2 ("On September 28, 2001, Skydive Arizona initiated this lawsuit."). The trademark infringement suit was styled *Skydive Arizona, Inc. vs. Mike Mullins d/b/a Arizona Skydiving*, Civil Action No. CIV 01-1854 PHX SMM, in the United States District Court for the District of Arizona. Exh. D, at 1, ¶3.

Mike Mullins was operating a competing business under the mark "ARIZONA SKYDIVING. A final judgment was entered in favor of Respondent and against Defendant Mike Mullins in that trademark infringement suit. Exh. B. In May 2002, while that trademark infringement suit was pending, Petitioner Hogue purchased the business from Mike Mullins that was at issue in the trademark infringement suit. Exh. D, at 1, ¶2 ("Marc Hogue has entered into an agreement to purchase the business involving the skydiving operations previously conducted by Mike Mullins under the name of Arizona Skydiving... . Marc Hogue...has effectively taken over the skydiving operations of the business..."). Petitioner Hogue is the successor-in-interest to Defendant Mike Mullins in the prior trademark infringement suit, and is in privity with Defendant Mike Mullins.

The validity of the SKYDIVE ARIZONA mark was at issue in the trademark infringement suit. Defendant Mike Mullins asserted as defenses that the mark was invalid because it was allegedly descriptive of the services and allegedly geographically descriptive, the same issues that Petitioner Hogue attempts to raise again here in the Petition to Cancel filed in this proceeding. See Exh. A, at 18. In the trademark infringement suit, the federal court found that the SKYDIVE ARIZONA mark "describes the activity of skydiving in general, as well as the location of the service," but held that the mark was valid because it had acquired secondary meaning. Exh. A, at 18-19.

The federal court found that the SKYDIVE ARIZONA mark "has been continuously used for over 15 years" by Respondent. Exh. A, at 19. The court found that "Skydive Arizona is well known for instructional services and team training." Exh. A, at 20. The court found that "Skydive Arizona is the largest dropzone in the world, and is well known worldwide." Exh. A, at 21. Respondent "offered hundreds of pages of exhibits, dating pre-1998, to prove that [Respondent] advertised heavily both locally and worldwide. Exh. A, at 19. The court found that SKYDIVE ARIZONA hosted several national skydiving events. Exh. A, at 19. The court found that "Teams sponsored by Skydive Arizona have won approximately three quarters of all the gold metals awarded in freefall events in the United States National Championships and the World Championships since 1994." Exh. A, at 20. The court found that "Skydive Arizona has annual non-competition events that attract many skydivers from around the country, and from other countries as well. ... These events draw hundreds of skydivers from around the world." Exh. A, at 20. The court made findings concerning the extent that Respondent advertised using the SKYDIVE ARIZONA mark. Exh. A, at 20-21. In short, the court found that the evidence introduced by Respondent showed "a lengthy, continuous, frequent use of the mark, worldwide recognition, widespread advertising, [and] affiliation with worldwide events." Exh. A, at 21.

Based upon the evidence introduced in the prior trademark infringement suit, the court found that "a finding of secondary meaning is appropriate as a matter of law." Exh. A, at 21. This finding was necessary to support the court's judgment. See Exhs. A, B & C.

While the trademark infringement suit was pending, Petitioner Marc Hogue entered into a Settlement Agreement with Respondent. Exh. D. In that Settlement Agreement, Petitioner agreed "to immediately change the name of his business to 'Coolidge Skydiving,' and will stop using the name 'Arizona Skydiving' ...". Exh. D, at 1, ¶4. In return, Respondent agreed it would not sue Petitioner "for any claim of trademark infringement ... based upon the use of the 'Arizona

Skydiving' name in connection with the business purchased by Marc Hogue from Mike Mullins." Exh. D, at 1-2, ¶5.

The Petition to Cancel filed in this case, in the first claim for relief, alleges as the basis for standing: "Petitioner is harmed by the registration of Respondent's mark because Petitioner is unable to offer his goods and services, i.e., skydiving instruction in Arizona, without facing a challenge from Respondent for alleged infringement of Respondent's mark." The Petition fails to meet Hogue's obligation to provide the grounds of his entitlement to relief. The Petition offers nothing more than labels and conclusions, and a formalistic recitation of the elements of a cause of action.

III. The Board Should Dismiss the Cancellation Petition Because Hogue's Petition to Cancel Is Barred by *Res Judicata*

The doctrine of *res judicata* includes two concepts: (1) claim preclusion and (2) issue preclusion. *Nasalok Coating Corp. v. Nylok Corp.*, 522 F.3d 1320 (Fed. Cir. 2008) ("[T]he doctrine of *res judicata* ... includes the two related concepts of claim preclusion and issue preclusion.") (citation omitted). In this case, both doctrines apply. The Petition to Cancel should be dismissed because it is barred by claim preclusion. In addition, the Petition to Cancel should also be dismissed because it is barred by issue preclusion.

A. Hogue's Petition to Cancel Is Barred by Claim Preclusion

Under the doctrine of claim preclusion, "a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action." *Jet Inc. v. Sewage Aeration Systems*, 223 F.3d 1360, 55 U.S.P.Q.2d 1854 (Fed. Cir. 2000), quoting *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979). Thus, claim preclusion will bar a party in a second suit if: (1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first. *Jet Inc. v. Sewage Aeration Systems*, 55 U.S.P.Q.2d at 1856; see

also *Lawlor v. National Screen Service Corp.*, 349 U.S. 322 (1955); *Flowers Industries, Inc. v. Interstate Brands Corp.*, 5 U.S.P.Q.2d 1580 (T.T.A.B. 1987).

Over the years, the doctrine has come to incorporate common law concepts of merger and bar, extending to those claims or defenses that could have been raised in the prior action. *Perma Ceram Enterprises Inc. v. Preco Industries Ltd.*, 23 U.S.P.Q.2d 1134, 1138 (T.T.A.B. 1992); see also *Jet Inc. v. Sewage Aeration Systems*, 55 U.S.P.Q.2d at 1856. ("Claim preclusion refers to the effect of a judgment in foreclosing litigation of a matter that never has been litigated, because of a determination that it should have been advanced in an earlier suit.").

Factor (1) is met in this case, because Petitioner Hogue is in privity with Mike Mullins, who was the defendant in a trademark infringement suit brought by Respondent. On September 28, 2001, Respondent filed a trademark infringement suit against Mike Mullins for infringement of Respondent's SKYDIVE ARIZONA mark. Exh. A, at 3; Exh. C, at 2 ("On September 28, 2001, Skydive Arizona initiated this lawsuit."). The validity of the SKYDIVE ARIZONA mark was at issue in the trademark infringement suit, and Defendant Mike Mullins asserted as defenses that the mark was invalid because it was allegedly descriptive of the services and allegedly geographically descriptive, the same issues that Petitioner Hogue attempts to raise again in the Petition to Cancel filed in this proceeding. In May 2002, while that trademark infringement suit was pending, Petitioner Hogue purchased the business from Mike Mullins that was the basis for the trademark infringement suit. Petitioner Hogue is the successor-in-interest to Defendant Mike Mullins, and purchased the business from Defendant Mullins with knowledge of the pending trademark infringement suit. Thus, factor (1) is met because there is an identity of parties or their privities. See *John W. Carson Foundation v. Toilets.com, Inc.*, 94 U.S.P.Q.2d 1942, 2010 TTAB LEXIS 226, at *17-19 (T.T.A.B. 2010).

Factor (2) is clearly met. In the prior trademark infringement action, the federal district

court entered a final judgment in favor of Respondent and against Defendant Mike Mullins on the defense of descriptiveness, and expressly found that the SKYDIVE ARIZONA mark had acquired secondary meaning. Exh. B; see also Exh. A.

Factor (3) is also met. Petitioner's claims in this case are based upon the same set of transactional facts as the prior trademark infringement suit. Petitioner's standing is based on the business that Petitioner purchased from Mike Mullins, the Defendant in the prior trademark infringement suit. The claims alleged in the Petition to Cancel are the same issues that were raised as defenses by Mike Mullins in the prior trademark infringement suit. Petitioner alleges that he provides skydiving educational services through business entities including Skydive Coolidge, Inc. See Petition to Cancel, ¶1. The same evidence would be introduced here by Petitioner to attempt to show that the SKYDIVE ARIZONA mark is descriptive, as the evidence that was used by Defendant Mike Mullins in the prior trademark infringement suit. The same evidence of secondary meaning introduced in the prior trademark infringement suit would be used here to once again show that the mark SKYDIVE ARIZOINE has acquired secondary meaning. This cancellation proceeding would merely be a re-litigation of exactly the same issues previously decided against Petitioner's predecessor in the prior trademark infringement suit.

"Under the doctrine of *res judicata*, the entry of a final judgment 'on the merits' of a claim in a proceeding serves to preclude the relitigation of the same claim, cause of action, or defense, in a subsequent proceeding that involves the same parties or their privities, even when the prior judgment resulted from the default, consent of the parties, or dismissal with prejudice." *Zoba International Corp. v. DVD Format/LOGO Licensing Corp.*, 98 U.S.P.Q.2d 1106, 2011 TTAB LEXIS 69, at *7 (T.T.A.B. 2011). The Petition to Cancel in this case is an attempt to relitigate the defenses that Petitioner's predecessor-in-interest raised in the prior trademark infringement suit.

The Petition to Cancel should be dismissed, because (1) Petitioner Marc Hogue is in privity with Defendant Mike Mullins in the prior trademark infringement suit, (2) an earlier final judgment was entered on the merits of the claim; and (3) the claims asserted in the Petition to Cancel are the same as the descriptiveness defenses litigated in the prior suit, and are based on the same set of transactional facts as the prior lawsuit. The Petition to Cancel is essentially a collateral attack on the judgment entered in the prior trademark infringement suit, and an attempt to re-litigate the federal court's finding of secondary meaning.

B. Hogue's Petition to Cancel Is Barred by Issue Preclusion

Under the doctrine of issue preclusion, sometimes referred to as collateral estoppel, once an issue is actually and necessarily determined by a court of competent jurisdiction, that determination is conclusive in a subsequent proceeding involving the same parties or their privities. *See Stephen Slesinger, Inc. v. Disney Enterprises, Inc.*, 2011 TTAB LEXIS 195, at *13 (T.T.A.B. June 8, 2011); *Int'l Order of Job's Daughters v. Lindeburg & Co.*, 727 F.2d 1087, 220 USPQ 1017, 1019 (Fed. Cir. 1984). The underlying rationale is that a party who has litigated an issue and lost should be bound by that decision and cannot demand that the issue be decided again. *Mother's Rest. Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394, 397 (Fed. Cir. 1983). That policy is implicated here where Petitioner is attempting to have this Board decide issues that Petitioner's predecessor already lost on. If this were permitted, a party losing a trademark infringement suit could merely transfer the business to someone else, and that new owner of the business could force the trademark owner to relitigate all of the issues that were already decided against the prior owner of the business.

In order for issue preclusion to apply, the following requirements must be met: (1) the issue to be determined must be identical to the issue involved in the prior litigation; (2) the issue must have been raised, litigated and actually adjudged in the prior action; (3) the determination

of the issue must have been necessary and essential to the resulting judgment; and (4) the party precluded must have been fully represented in the prior action. *See Mayer/Berkshire Corp. v. Berkshire Fashions Inc.*, 424 F.3d 1229, 76 USPQ2d 1310, 1312-13 (Fed. Cir. 2005); *Jet Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 55 USPQ2d 1854, 1858-59 (Fed. Cir. 2000); *Stephen Slesinger, Inc. v. Disney Enterprises, Inc.*, 2011 TTAB LEXIS 195, at *14 (T.T.A.B. June 8, 2011); *Larami Corp. v. Talk To Me Programs Inc.*, 36 USPQ2d 1840, 1843-44 (TTAB 1995).

In the prior trademark infringement action, the same issues of descriptiveness were decided. Respondent overcame the defense of descriptiveness by proving that the mark SKYDIVE ARIZONA had acquired secondary meaning. The federal court's decision submitted as Exhibit A shows that the issues are the same, and were actually raised, litigated, and actually adjudged in the prior trademark infringement suit.

The determination of the issue was necessary and essential to the resulting judgment. The rejection of the defenses of descriptiveness was necessary and essential to the court's judgment. Otherwise, the decision would have been in favor of Mullins.

The interests of Petitioner were fully represented by Hogue's predecessor-in-interest in the prior trademark infringement suit. The final requirement is also met if the parties are in privity, which is the case here.

III. The Board Should Dismiss the Cancellation Petition Because Hogue Has Not Stated a Claim Upon Which Relief Can Be Granted

Except as otherwise provided in the Trademark Rules, cancellation proceedings are governed by the Federal Rules of Civil Procedure. Trademark Rule 2.116(a); *Young v. AGB Corp.*, 152 F.3d 1377, 1378 n.3, 47 U.S.P.Q.2d 1752, 1754 n.3 (Fed. Cir. 1998). In a cancellation proceeding, a petition to cancel corresponds to the complaint in a court proceeding. Trademark Rule 2.116(c). Under Rule 12(b)(6) of the Federal Rules of Civil Procedure, a defendant may move to dismiss a complaint for failure to state a claim upon which relief can be

granted.

Under Rule 8(a) of the Federal Rules of Civil Procedure, “a plaintiff must provide a short and plain statement of the claim showing that the pleader is entitled to relief, in order to give the defendant fair notice of what the claim is and the grounds upon which it rests.” *Totes-Isotoner Corp. v. United States*, 594 F.3d 1346, 1354 (Fed. Cir. 2010) (internal quotations omitted), quoting *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007).

At the pleading stage, a cancellation petitioner must allege facts in support of a statutory ground for opposition. The problem with the Petition to Cancel filed in this case is that it merely alleges conclusions, and does not allege sufficient facts on which Petitioner Hogue would rely to prove the conclusions. “While a complaint attacked by a Rule 12(b)(6) motion to dismiss does not need detailed factual allegations, a plaintiff’s obligation to provide the grounds of his entitlement to relief requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.” *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 555-56 (2007) (internal quotations omitted); *Totes-Isotoner*, 594 F.3d at 1354. “Mere parroting of the requisite elements without sufficient factual support therefor is insufficient to meet the requirements” for pleading a claim. *McDonnell Douglas Corp. v. National Data Corp.*, 228 U.S.P.Q. 45, 48 (T.T.A.B. 1985) (Dismissing cancellation petition where “Petitioner has merely alleged the conclusion, not the facts on which it would rely to prove this conclusion.”).

The precedents of this Board require a petitioner in a cancellation petition to allege sufficient facts that, if proved, would provide a statutory ground for cancellation. *McDonnell Douglas Corp. v. National Data Corp.*, 228 U.S.P.Q. 45, 47 (T.T.A.B. 1985) (“[B]ald allegations in the language of the statute neither give respondent fair notice of the basis for petitioner’s claim nor set forth *sufficient facts* to establish the elements necessary for recovery, if proven.”) (emphasis added). See also *Young v. AGB Corp.*, 152 F.3d 1377, 1380, 47 U.S.P.Q.2d 1752,

1755 (Fed. Cir. 1998) (“[W]e agree with the Board that Young failed to plead *any facts* relevant to a statutory ground negating AGB’s entitlement to registration.”) (emphasis added).

In summary, “a complaint must contain sufficient factual matter, accepted as true, to state a claim to relief that is plausible on its face.” *Ashcroft v. Iqbal*, 129 S. Ct. at 1949 (internal quotes and citation omitted). See also *Zoba International Corp. v. DVD Formay/Logo Licensing Corp.*, No. 92051821, 2011 TTAB LEXIS 69, at *1 (T.T.A.B. March 10, 2011).

The Supreme Court’s opinion in *Ashcroft v. Iqbal*, 129 S. Ct. 1937 (2009), is instructive on the proper analysis that should be applied in determining whether sufficient facts are alleged to state a claim upon which relief can be granted. The Supreme Court further refined the analysis by explaining that a two step approach should be followed in deciding a Rule 12 motion to dismiss. First, the Board should identify allegations that “are no more than conclusions, [and] are not entitled to the assumption of truth.” *Ashcroft v. Iqbal*, 129 S. Ct. at 1950. Second, the Board should consider the remaining factual allegations, if any, and “determine whether they plausibly give rise to an entitlement to relief.” *Id.*

Therefore, Respondent respectfully submits that the Board should first disregard the conclusions and labels in the Petition to Cancel, and then decide whether the remaining factual allegations, if any, are sufficient to establish a valid statutory ground for cancellation, (in the event that the factual allegations are proven to be true). See *Ashcroft v. Iqbal*, 129 S. Ct. at 1950. A cancellation petition should be dismissed where the “[p]etitioner has merely alleged the conclusion, not the facts on which it would rely to prove this conclusion.” *McDonnell Douglas Corp. v. National Data Corp.*, 228 U.S.P.Q. 45, 48 (T.T.A.B. 1985). In this case, the Petition to Cancel merely alleges conclusions, and does nothing more than parrot the elements of a descriptiveness claim.

V. Conclusion

In conclusion, Respondent Skydive Arizona, Inc. moves the Board to dismiss the Petition to Cancel in its entirety, because the Petition is barred by *res judicata* under the doctrine of claim preclusion and under the doctrine of issue preclusion, and because Petitioner Hogue has not plead facts sufficient to establish a claim upon which relief can be granted.

Respectfully submitted,

SNELL & WILMER L.L.P.

DATED: July 12, 2011

By /Sid Leach/
Sid Leach
David G. Barker
One Arizona Center
400 East Van Buren
Phoenix, Arizona 85004-2202
Tel. (602) 382-6372
Attorneys for Respondent
Skydive Arizona, Inc.

Certificate of Transmission

I hereby certify that on this 12th day of July, 2011, I filed the foregoing SKYDIVE ARIZONA'S MOTION TO DISMISS CANCELLATION PETITION electronically through the Board's ESTTA system.

By: /David G. Barker/
David G. Barker

Mailed via Express Mail this July 12, 2011
per 37 C.F.R. § 1.1 and § 1.10



Certificate of Service

I hereby certify that on this 12th day of July, 2011, I caused a copy of the foregoing
SKYDIVE ARIZONA'S MOTION TO DISMISS CANCELLATION PETITION to be served
by United States Post Office, postage prepaid, in an envelope addressed to:

Jimmie Pursell
Jennings Strouss & Salmon PLC
One East Washington Street, Suite 1900
Phoenix, AZ 85004

By: /Sid Leach/
Sid Leach